

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 SSC-01 SAB-01 DRC-01 /101 W

----- 116144

R 282307Z DEC 73

FM AMEMBASSY PANAMA

TO SECSTATE WASHDC 9405

INFO GOV PANCANAL

USCINCSO

C O N F I D E N T I A L PANAMA 6901

EO 11652: GDS

TAGS: PN PINT

SUBJ: REPORT OF CABINET CHANGES

REF: PANAMA 6900

SUMMARY. GOP IS QUIETLY CARRYING OUT A SERIES OF MEASURES, INCLUDING THE ESTABLISHMENT OF CONSULTATIVE BODIES, TO ACCOMMODATE THE PRIVATE SECTOR. ADDITIONAL CABINET CHANGES ARE IN THE OFFING, BUT WHETHER THE CONSULTATION , CABINET CHANGES AND OTHER MEASURES WILL BE SUFFICIENT TO PLACATE THE PRIVATE SECTOR REMAINS TO BE SEEN. TO COUNTER WILD RUMORS OF TORRIJOS' PLANS TO PLUNGE PANAMA LEFTWARD, THE GOP HAS BEEN EMPLOYING HUMOR AND RIDICULE IN THE FORM OF TONGUE-IN-CHEEK ARTICLES IN THE PRESS. END SUMMARY.

1. THE GOP IS SEEKING THROUGH VARIOUS MEANS TO BLUNT THE THRUST OF ITS OPPOSITION. IT HAS CONTINUED ITS DIALOGUE WITH REPRESENTATIVES OF PRIVATE SECTOR, PRINCIPALLY THROUGH THE MINISTER OF HOUSING AND THE MINISTER OF COMMERCE AND INDUSTRIES. IN ADDITION, IT HAS TAKEN STEPS TO FORMALIZE THE SYSTEM OF CONSULTATION WITH THE PRIVATE SECTOR. SPECIFICALLY, THE FOLLOWING ENTITIES HAVE BEEN CREATED TO ACCOMPLISH THIS PURPOSE: (A) ADVISORY COMMITTEE TO MINISTER OF COMMERCE AND

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INDUSTRIES; (B) NATIONAL SUPPLY COMMITTEE; (C) CONSULTATIVE

COMMITTEE ON LEGISLATIVE MATTERS, INCLUDING SIX BUSINESS AND THREE LABOR REPRESENTATIVES, WHICH WILL WORK WITH THE NATIONAL LEGISLATIVE COMMISSION; (D) WORKING GROUP WITH RESPONSIBILITY TO REACH AGREEMENTS ON HOUSING LAWS; (E) GOVERNMENT COMMITTEE FOR PERMANENT ENALYSIS OF THE PRICE AND SALARY SITUATION AND TO PROPOSE POLICIES WHICH TAKE INTO CONSIDERATION THE NATION'S PRODUCERS, I.E. INDUSTRIALISTS AND BUSINESSMEN. (DETAILS FOLLOW IN AIRGRAM.).

2. IMPENDING CABINET SHUFFLE (SEE REFTEL), WHETHER OR NOT IT EFFECTIVELY SHIFTS POLITICAL COMPLEXION OF GOP CABINET, MAY ALSO BE CONSIDERED AS PART OF GOP EFFORT TO DAMPEN OPPOSITION.

3. GOP IS ALSO USING HUMOR AND RIDICULE OF OPPONENTS AS TACTIC. SCREAMING HEADLINE "PANAMA SOCIALIST STATE" APPEARED IN GOP CONTROLLED CRITICA DECEMBER 28. THE FEATURE ARTICLE STATED THAT PANAMA'S COUNCIL OF STATE HAD VOTED TO CONVERT PANAMA INTO A SOCIALIST STATE ON JANUARY 1 AND DESCRIBED IN DETAIL THE FRIGHTENING MEASURES TO BE TAKEN. THESE INCLUDED A TOTAL ADMINISTRATIVE CHANGE, ELIMINATION OF PRIVATE PROPERTY, DISSOLUTION OF PROFESSIONAL ORGANIZATIONS, DISSOLUTION OF THE ASSEMBLY OF REPRESENTATIVES AND A SEVERING OF DIPLOMATIC RELATIONS WITH THE U.S. AS POLITBURO PRESIDENT, THEY HAD CHOSEN CARLOS ERNESTO GONZALEZ OF THE COMMUNIST PARTY. THE ARTICLE CONCLUDED ON PAGE 31 WITH STATEMENT: "DEAR READERS, IF YOU ARE CAPABLE OF SWALLOWING THIS SERIES OF RUMORS DISSEMINATED FROM THE SWAMP OF THE EXILES, YOU ARE AN INNOCENT BUTTERFLY."

4. COMMENT. TORRIJOS IS MAKING CONCILIATORY MOVES IN AN ATTEMPT TO SMOOTH OVER HIS RELATIONS WITH THE PRIVATE SECTOR. THE LEASING LAWS APPARENTLY WILL BE REVISED, BUT IT IS NOT YET CLEAR HOW EXTENSIVE THE REVISION WILL BE. FOR OBVIOUS REASONS, THE GOP IS EXTREMELY RELUCTANT TO ALTER THE LAWS IN SUCH A WAY THAT THEIR MAJOR THRUST - THE FINANCING AND CONSTRUCTION OF LOW COST HOUSING - WOULD BE SACRIFICED. THE CONSULTATIVE COMMITTEES COULD BE MERELY COSMETIC UNLESS THE CONSULTATION IS TAKEN SERIOUSLY BY THE GOP. THAT THE GOP HAS NOT LOST ITS SENSE OF HUMOR CONCERNING THE EFFORTS OF THE OPPOSIION, IS AN INDICATION THAT TORRIJOS IS NOT UNDULY WORRIED. END COMMENT.

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Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: GOVERNMENT REFORM, CABINET, PRESS COMMENTS, LAW, PERSONNEL SEPARATIONS, LEASES
Control Number: n/a
Copy: SINGLE
Draft Date: 28 DEC 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973PANAMA06901
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: n/a
From: PANAMA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t1973123/aaaaabti.tel
Line Count: 108
Locator: TEXT ON-LINE
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: PANAMA 6900
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 23 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <23-Jan-2002 by martinjw>; APPROVED <13 FEB 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: REPORT OF CABINET CHANGES
TAGS: PINT, PN
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005